

TOWN OF BRYSON CITY
BRYSON CITY, NORTH CAROLINA

FINANCIAL STATEMENTS

JUNE 30, 2020

S. Eric Bowman, P.A.

CERTIFIED PUBLIC ACCOUNTANT

Morganton, North Carolina

TOWN OF BRYSON CITY

JUNE 30, 2020

BOARD OF ALDERMEN

Tom Sutton
Mayor

Ben King

Janine Crisp

Chad Smith

Heidi Ramsey - Woodard

OFFICIALS

Regina Mathis

Town Manager

Lynn Thomas

Town Clerk

Carla Passmore

Tax Collector

Tom Shook

Superintendent
of Public Works

Charles Robinson

Police Chief

Charles Bryson

Fire Chief

Fred Moody, Jr.

Town Attorney

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CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report

To the Honorable Mayor
and Members of the Board of Aldermen
Town of Bryson City, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Bryson City, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Bryson City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Town of Bryson City ABC Board which represents 5 percent, 5 percent and 32 percent, respectively, of the assets, net position and revenues of the opinion units. Those statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Town of Bryson City ABC Board, is based solely on the report of the another auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Town of Bryson City ABC Board were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk

To the Honorable Mayor
and Members of the Board of Aldermen
Town of Bryson City
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assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that our audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based upon our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Bryson City, North Carolina as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, on page 4 through 11 and the Local Government Employee's Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions on pages 48 and 49 respectively and the Law Enforcement Officer's Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 50 and 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Honorable Mayor
and Members of the Board of Aldermen
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Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Bryson City's basic financial statements. The individual fund financial statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The individual fund financial statements, budgetary schedules and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, and the procedures performed as described above, and the report of other auditors, the individual fund financial statements, budgetary schedules and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2020 on our consideration of the Town of Bryson City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Bryson City's internal control over financial reporting and compliance.



S. Eric Bowman, P.A.
Certified Public Accountant

Morganton, North Carolina
October 5, 2020

TOWN OF BRYSON CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Town of Bryson City's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of Town of Bryson City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$13 277 683 (*net position*).
- The Government's total net position increased by \$463 633 due to increases in both governmental and business-type activities net position.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2 382 990, or 135 percent of total general fund expenditures for the fiscal year.
- Town of Bryson City's debt on bonds, loans and capital leases decreased by \$82 291 or 3 percent during the current fiscal year. The key factors in this decrease was due to principal payments in excess of borrowings.
- The Town does not maintain a bond rating because all of the bonds are issued through USDA.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts - *management's discussion and analysis* (this section), the *basic financial statements, required supplementary information*, and an optional section that presents *statements* for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the Town's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the Town's government, reporting the Town's operations in *more detail* than the government-wide statements.
 - The *government funds* statements tell how *general government* services like public safety were financed in the *short term* as well as what remains for future spending.
 - *Proprietary fund* statements offer *short* and *long term* financial information about the activities the government operates *like businesses*, such as the water and sewer operation.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with statements that provide details about our non-major governmental fund, which is presented in single columns in the basic financial statements.

Figure A-1 summarizes the major features of the Town's financial statements, including the portion of the Town government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

FIGURE A-1

MAJOR FEATURES OF TOWN OF BRYSON CITY'S GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

| | Government-wide | Fund Statements | |
|--|--|--|--|
| | Statements | Governmental Funds | Proprietary Funds |
| Scope | Entire Town government (except fiduciary funds) and the Town's component unit | The activities of the Town that are not proprietary or fiduciary, such as police, fire, and parks | Activities the Town operates similar to private businesses: the water and sewer operations |
| Required financial statements | <ul style="list-style-type: none"> • Statement of net position • Statement of activities | <ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances | <ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses, and changes in net position • Statement of cash flows |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus |
| Type of asset/liability information | All assets and liabilities, both financial and capital, and short-term and long-term | Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included | All assets and liabilities, both financial and capital, and short-term and long-term |
| Type of inflow/outflow information | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter | All revenues and expenses during year, regardless of when cash is received or paid |

Government-wide Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's *net position* and how they have changed. Net position—the difference between the Town's assets and total liabilities and deferred outflows and inflows of resources — is one way to measure the Town's financial health, or position.

- Over time, increases or decreases in the Town's *net position* are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Town you need to consider additional nonfinancial factors such as changes in the Town's property tax base.

The government-wide financial statements of the Town are divided into three categories:

- *Governmental activities* - Most of the Town's basic services are included here, such as public safety, transportation and general administration. Property taxes and state and federal grants finance most of these activities.
- *Business-type activities* - The Town charges fees to customers to help cover the costs of certain services it provides. The Town's water and sewer activities are included here.
- *Component Unit* - The Town includes one other entity in its report-the Town of Bryson City ABC Board. Although, legally separate, the "component unit" is important because the Town is financially accountable for them.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's most significant *funds*-not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Aldermen establishes other funds to control and manage money for particular purposes.

The Town has two kinds of funds:

- *Governmental funds* - Most of the Town's basic services are included in governmental funds, which focus on (1) how cash and *other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- *Proprietary funds* - Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information.
 - In fact, the Town's *enterprise fund* (one type of proprietary fund) is the same as its business-type activities, but provides more detail and additional information, such as cash flows.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Also included in this section are budgetary comparison statements for all major governmental funds.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain Required supplementary information concerning the Town of Bryson City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 48-51 of this report.

Interdependence with Other Entities - The Town depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of Town of Bryson City assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$13 277 683 at the close of the most recent fiscal year (Table 1).

**TABLE 1
NET POSITION**

| | Governmental Activities | | Business - Type Activities | | Total Primary Government | |
|--|----------------------------|--------------------|----------------------------------|--------------------|--------------------------------|---------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Current and Other Assets | \$ 2 703 993 | \$2 635 121 | \$ 829 383 | \$1 109 095 | \$ 3 533 376 | \$ 3 744 216 |
| Capital Assets | 3 520 643 | 3 464 428 | 9 177 915 | 8 542 563 | 12 698 558 | 12 006 991 |
| Deferred Outflows of Resources | 158 585 | 179 284 | 102 098 | 116 600 | 260 683 | 295 884 |
| Total Assets and Deferred Outflows of Resources | 6 383 221 | 6 278 833 | 10 109 396 | 9 768 258 | 16 492 617 | 16 047 091 |
| Long-Term Debt Outstanding | | | 2 318 880 | 2 401 171 | 2 318 880 | 2 401 171 |
| Other Liabilities | 509 110 | 469 003 | 320 374 | 294 860 | 829 484 | 763 863 |
| Deferred Inflows of Resources | 54 634 | 54 710 | 11 936 | 13 297 | 66 570 | 68 007 |
| Total Liabilities and Deferred Inflows of Resources | 563 744 | 523 713 | 2 651 190 | 2 709 328 | 3 214 934 | 3 233 041 |
| Net Position: | | | | | | |
| Net Investment in Capital Assets | 3 520 643 | 3 464 428 | 6 859 035 | 6 141 392 | 10 379 678 | 9 605 820 |
| Restricted | 107 247 | 137 160 | | | 107 247 | 137 160 |
| Unrestricted (Deficit) | 2 191 587 | 2 153 532 | 599 171 | 917 538 | 2 790 758 | 3 071 070 |
| Total Net Position | \$ 5 819 477 | \$5 755 120 | \$ 7 458 206 | \$7 058 930 | \$13 277 683 | \$12 814 050 |

Town of Bryson City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Town of Bryson City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Change in Net Position

The Town's total revenues were \$4 098 293 at June 30, 2020 (see Table 2). Charges for services made up 40% of revenues. Property taxes and other taxes made up 14% and 12% of revenues respectively. The Town's expenses cover a range of services with 22% of those expenditures being related to public safety.

TABLE 2
CHANGE IN NET POSITION

| | <u>Governmental</u> <u>Activities</u> | | <u>Business -</u> <u>Type</u> <u>Activities</u> | | <u>Total</u> <u>Primary</u> <u>Government</u> | |
|--|--|--------------------|---|--------------------|---|---------------------|
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| <u>Revenues</u> | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 184 150 | \$ 178 606 | \$1 447 532 | \$1 421 352 | \$ 1 631 682 | \$ 1 599 958 |
| Operating Grants | 183 294 | 73 255 | 115 560 | | 298 854 | 73 255 |
| Capital Grants and Contributions | | 26 080 | 482 476 | 261 053 | 482 476 | 287 133 |
| General Revenues: | | | | | | |
| Property Taxes | 572 187 | 571 743 | | | 572 187 | 571 743 |
| Other Taxes | 508 654 | 487 217 | | | 508 654 | 487 217 |
| Other | 553 696 | 577 570 | 50 744 | 92 564 | 604 440 | 670 134 |
| Total Revenues | <u>2 001 981</u> | <u>1 914 471</u> | <u>2 096 312</u> | <u>1 774 969</u> | <u>4 098 293</u> | <u>3 689 440</u> |
| <u>Expenditures</u> | | | | | | |
| General Government | 446 690 | 448 415 | | | 446 690 | 448 415 |
| Public Safety | 789 945 | 662 390 | | | 789 945 | 662 390 |
| Environmental Protection | 224 560 | 204 256 | | | 224 560 | 204 256 |
| Transportation | 233 022 | 192 406 | | | 233 022 | 192 406 |
| Cultural and Recreational | 74 407 | 114 324 | | | 74 407 | 114 324 |
| Water and Sewer | | | 1 866 036 | 1 642 959 | 1 866 036 | 1 642 959 |
| Total Expenses | <u>1 768 624</u> | <u>1 621 791</u> | <u>1 866 036</u> | <u>1 642 959</u> | <u>3 634 660</u> | <u>3 264 750</u> |
| Increase (Decrease) in Net Position Before Transfers | 233 357 | 292 680 | 230 276 | 132 010 | 463 633 | 424 690 |
| Transfers | <u>(169 000)</u> | <u>(254 136)</u> | <u>169 000</u> | <u>254 136</u> | | |
| Increase (Decrease) in Net Position | 64 357 | 38 544 | 399 276 | 386 146 | 463 633 | 424 690 |
| Net Position, July 1 | <u>5 755 120</u> | <u>5 716 576</u> | <u>7 058 930</u> | <u>6 672 784</u> | <u>12 814 050</u> | <u>12 389 360</u> |
| Net Position, June 30 | <u>\$5 819 477</u> | <u>\$5 755 120</u> | <u>\$7 458 206</u> | <u>\$7 058 930</u> | <u>\$13 277 683</u> | <u>\$12 814 050</u> |

Table 3 presents the cost of each of the Town's six largest programs-general government, public safety, environmental protection, economic and physical development, transportation and recreation-as well as each program's net cost (total cost less fees generated by activities and intergovernmental aid). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

- The cost of all governmental activities this year was \$1 768 thousand.
- However, the amount that our taxpayers paid for these activities through Town taxes was \$1 401 thousand. Some of the cost was paid by:
 - Those who directly benefited from the programs (184 thousand), or
 - Other governments and organizations that subsidized certain programs with grants and contributions (183 thousand).
- The Town paid for the \$1 401 thousand "public benefit" portion with \$1 081 thousand in taxes, and with other revenues.

TABLE 3
NET COST OF TOWN OF BRYSON CITY'S GOVERNMENTAL ACTIVITIES
 (In Thousands of Dollars)

| | <u>Total Cost</u> <u>of Services</u> | | <u>Net Cost</u> <u>of Services</u> | |
|--------------------------|---|----------------|---------------------------------------|----------------|
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| General Government | \$ 447 | \$ 449 | \$ 390 | \$ 422 |
| Public Safety | 790 | 662 | 700 | 633 |
| Environmental Protection | 224 | 204 | 48 | 30 |
| Transportation | 233 | 193 | 189 | 145 |
| Recreation | 74 | 114 | 74 | 114 |
| | <u>\$1 768</u> | <u>\$1 622</u> | <u>\$1 401</u> | <u>\$1 344</u> |
| Total | | | | |

Governmental Activities

The Town continues to increase fund balance with revenues exceeding expenditures and transfers by \$64 357. This was the result of increases in revenues over amounts budgeted.

Business-type Activities

Revenues of the Town's business-type activities totaled \$2 096 312 with expenses totaling \$1 866 036 (see Table 2). This produced a surplus of \$230 276 excluding transfers. The surplus was caused by the Town's receiving capital grants.

Financial Analysis of the Town's Funds

As noted earlier, Town of Bryson City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of Town of Bryson City's governmental funds is to provide information on near-term inflows, outflows and balances of usable resources. Such information is useful in assessing Town of Bryson City's financing requirements. Specifically, available fund balances can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of Town of Bryson City. At the end of the current fiscal year, available fund balance of the General Fund was \$2 382 990, while total fund balance was \$2 558 152. As a measure of the general fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 135 percent of total General Fund expenditures, while total fund balance represents 145 percent of that same amount.

At June 30, 2020, the governmental funds of Town of Bryson City reported a combined fund balance of \$2 574 582. Approximately 4 percent of this amount or \$107 247 is nonspendable or restricted. The net change in fund balance was \$60 286.

General fund Budgetary Highlights: During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain service. Total amendments increased the General Fund's budget by \$74 227.

Proprietary Funds. Town of Bryson City's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$599 171.

Capital Asset and Debt Administration

Capital assets. Town of Bryson City's investment in capital assets for its governmental and business-type activities as of June 30, 2020 totals \$12 698 558 (net of accumulated depreciation). These assets include land, buildings, infrastructure, equipment, and distribution systems.

Major capital asset transactions during the year include:

- Excavator
- Roll Back Truck
- Scada System
- Pump Station and Line Replacements
- Garbage Truck
- Police Vehicles

Town of Bryson City's Capital Assets
(net of accumulated depreciation)

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------|----------------------------|--------------------|-----------------------------|--------------------|---------------------|---------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Land | \$ 596 405 | \$ 596 405 | \$ 294 397 | \$ 294 397 | \$ 890 802 | \$ 890 802 |
| Construction in Progress | | | | 67 822 | | 67 822 |
| Infrastructure | 868 527 | 892 715 | | | 868 527 | 892 715 |
| Buildings | 1 644 734 | 1 722 461 | | | 1 644 734 | 1 722 461 |
| Equipment | 410 977 | 252 847 | 691 411 | 350 980 | 1 102 388 | 603 827 |
| Distribution Systems | | | 8 192 107 | 7 829 364 | 8 192 107 | 7 829 364 |
| Total | \$3 520 643 | \$3 464 428 | \$9 177 915 | \$8 542 563 | \$12 698 558 | \$12 006 991 |

Long-term Debt. As of June 30, 2020, Town of Bryson City had total debt outstanding of \$2 318 880, of which General Obligation Bonds are backed by the full faith and credit of the Town and all other debt is covered by pledged collateral and is subject to appropriation.

Town of Bryson City's Outstanding Debt
General Obligation Bonds, Loans and Capitalized Leases

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|----------------------------|-----------|-----------------------------|--------------------|--------------------|--------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Direct Placement General Obligation Bonds | \$ | \$ | \$ 846 000 | \$ 887 000 | \$ 846 000 | \$ 887 000 |
| Direct Placement Capital Lease Obligations | | | 207 246 | 154 682 | 207 246 | 154 682 |
| Direct Placement ARRA Loan | | | 41 631 | 45 794 | 41 631 | 45 794 |
| Direct Placement Clean Water Loan | | | 412 006 | 443 699 | 412 006 | 443 699 |
| Direct Placement Drinking Water Loan | | | 811 997 | 869 996 | 811 997 | 869 996 |
| Total | \$ | \$ | \$2 318 880 | \$2 401 171 | \$2 318 880 | \$2 401 171 |

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within the government's boundaries. The legal debt margin for Town of Bryson City at June 30, 2020 was \$10 900 183.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities: Governmental expenditures will decrease to offset decreases in local option sales tax projected as a result of Covid-19.

Business-type Activities: The Town will raise rates approximately 3%. This will be the third year of increases of a five year plan to accumulate revenue for future capital projects. The Town will spend approximately \$55 000 on capital outlay.

Request for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Town of Bryson City, P. O. Box 726, Bryson City, NC 28713.

TOWN OF BRYSON CITY
STATEMENT OF NET POSITION
JUNE 30, 2020

| | Primary Government | | | Component |
|--|--------------------|--------------------|--------------|-------------------------------------|
| | Governmental | Business - | Total | Unit |
| Assets | Activities | Type Activities | | Town of Bryson City ABC Board |
| Current Assets: | | | | |
| Cash and Cash Equivalents | \$ 2 512 552 | \$ 213 467 | \$ 2 726 019 | \$ 213 248 |
| Restricted Cash and Cash Equivalents | 67 915 | 375 307 | 443 222 | |
| Receivables (Net of Allowance for Uncollectibles) | 123 526 | 176 656 | 300 182 | |
| Inventories | | 63 953 | 63 953 | 278 721 |
| Prepaid Expenses | | | | 4 683 |
| Total Current Assets | 2 703 993 | 829 383 | 3 533 376 | 496 652 |
| Non Current Assets: | | | | |
| Capital Assets: | | | | |
| Land and Construction in Progress | 596 405 | 294 397 | 890 802 | 47 665 |
| Other Capital Assets, Net of Depreciation | 2 924 238 | 8 883 518 | 11 807 756 | 224 128 |
| Total Non Current Assets | 3 520 643 | 9 177 915 | 12 698 558 | 271 793 |
| Total Assets | 6 224 636 | 10 007 298 | 16 231 934 | 768 445 |
| <u>Deferred Outflows of Resources</u> | 158 585 | 102 098 | 260 683 | 36 188 |
| Liabilities: | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | 113 132 | 14 137 | 127 269 | 2 643 |
| Customer Deposits | | 90 089 | 90 089 | |
| Compensated Absences | 31 378 | 33 613 | 64 991 | |
| Current Portion of Long Term Obligations | | 212 434 | 212 434 | |
| Total Current Liabilities | 144 510 | 350 273 | 494 783 | 2 643 |
| Non Current Liabilities: | | | | |
| Non Current Portion of Long Term Obligations | | 2 106 446 | 2 106 446 | |
| Total Pension Liability | 90 798 | | 90 798 | |
| Net Pension Liability | 273 802 | 182 535 | 456 337 | 61 173 |
| Total Non Current Liabilities | 364 600 | 2 288 981 | 2 653 581 | 61 173 |
| Total Liabilities | 509 110 | 2 639 254 | 3 148 364 | 63 816 |
| <u>Deferred Inflows of Resources</u> | 54 634 | 11 936 | 66 570 | 1 423 |
| Net Position | | | | |
| Net Investment in Capital Assets | 3 520 643 | 6 859 035 | 10 379 678 | 271 793 |
| Restricted for: | | | | |
| Stabilization by State Statute | 107 247 | | 107 247 | |
| Unrestricted | 2 191 587 | 599 171 | 2 790 758 | 467 601 |
| Total Net Position | \$ 5 819 477 | \$7 458 206 | \$13 277 683 | \$ 739 394 |

The notes to the financial statements are an integral part of this statement.

TOWN OF BRYSON CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Exhibit 2

| Functions/Programs | Expenses | Program Revenues | | | (Net Expense) Revenues and Changes in Net Position | | | Component Unit |
|-------------------------------------|--------------|-------------------------|--|--|---|----------------------------------|--------------|-------------------|
| | | Charges For Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | ABC Board |
| | | | | | Governmental Activities | Business - Type Activities | Total | |
| Primary Government: | | | | | | | | |
| Governmental Activities: | | | | | | | | |
| General Government | \$ 446 690 | \$ 7 882 | \$ 48 656 | \$ | \$ (390 152) | \$ | \$ (390 152) | \$ |
| Public Safety | 789 945 | | 90 332 | | (699 613) | | (699 613) | |
| Environmental Protection | 224 560 | 176 268 | | | (48 292) | | (48 292) | |
| Transportation | 233 022 | | 44 306 | | (188 716) | | (188 716) | |
| Cultural and Recreational | 74 407 | | | | (74 407) | | (74 407) | |
| Total Governmental Activities | 1 768 624 | 184 150 | 183 294 | | (1 401 180) | | (1 401 180) | |
| Business-Type Activities: | | | | | | | | |
| Water and Sewer | 1 866 036 | 1 447 532 | 115 560 | 482 476 | | 179 532 | 179 532 | |
| Total Primary Government | \$ 3 634 660 | \$1 631 682 | \$ 298 854 | \$ 482 476 | (1 401 180) | 179 532 | (1 221 648) | |
| Component Unit: | | | | | | | | |
| Bryson City ABC Board | \$ 1 901 964 | \$1 956 524 | | | | | | 54 560 |
| General Revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| Property Taxes | | | | | 572 187 | | 572 187 | |
| Local Option Sales | | | | | 508 654 | | 508 654 | |
| Investment Earnings | | | | | 12 522 | 4 961 | 17 483 | 103 |
| Miscellaneous | | | | | 322 290 | 45 783 | 368 073 | |
| Gain (Loss) on Sale of Fixed Assets | | | | | 11 484 | | 11 484 | (269) |
| Payment from ABC Board | | | | | 207 400 | | 207 400 | |
| Transfers | | | | | (169 000) | 169 000 | | |
| Total General Revenues | | | | | 1 465 537 | 219 744 | 1 685 281 | (166) |
| Change in Net Position | | | | | 64 357 | 399 276 | 463 633 | 54 394 |
| Net Position - Beginning | | | | | 5 755 120 | 7 058 930 | 12 814 050 | 685 000 |
| Net Position - Ending | | | | | \$ 5 819 477 | \$ 7 458 206 | \$13 277 683 | \$ 739 394 |

The notes to the financial statements are an integral part of this statement.

TOWN OF BRYSON CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

| | <u>General</u> <u>Fund</u> | <u>Non-Major</u> <u>Governmental</u> <u>Fund</u> | <u>Total</u> <u>Governmental</u> <u>Funds</u> |
|--|-------------------------------|--|---|
| <u>Assets</u> | | | |
| Cash and Cash Equivalents | \$2 496 122 | \$ 16 430 | \$ 2 512 552 |
| Restricted Cash and Cash Equivalents | 67 915 | | 67 915 |
| Receivables, Net | 107 247 | | 107 247 |
| Property Tax Receivable, Net | <u>16 279</u> | | <u>16 279</u> |
| Total Assets | <u>\$2 687 563</u> | <u>\$ 16 430</u> | <u>\$ 2 703 993</u> |
| | | | |
| <u>Liabilities:</u> | | | |
| Accounts Payable and Accrued Liabilities | <u>113 132</u> | | <u>113 132</u> |
| | | | |
| <u>Deferred Inflows of Resources:</u> | | | |
| Property Taxes Receivable | <u>16 279</u> | | <u>16 279</u> |
| | | | |
| <u>Fund Balances:</u> | | | |
| <u>Restricted For:</u> | | | |
| Stabilization by State Statute | 107 247 | | 107 247 |
| Committed to LEO Retirement | 67 915 | | 67 915 |
| <u>Assigned To:</u> | | | |
| Future Capital Projects | | 16 430 | 16 430 |
| Unassigned | <u>2 382 990</u> | | <u>2 382 990</u> |
| Total Fund Balances | <u>2 558 152</u> | <u>16 430</u> | <u>2 574 582</u> |
| | | | |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$2 687 563</u> | <u>\$ 16 430</u> | <u>\$ 2 703 993</u> |

The notes to the financial statements are an integral part of this statement.

TOWN OF BRYSON CITY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Amounts reported for governmental activities in the Statement of Net Position are different because:

| | | |
|--|-------------|-------------|
| Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the funds | | \$3 520 643 |
| Deferred outflows of resources related to pensions are not reported in the funds | | 158 585 |
| Liabilities for earned revenues are considered deferred inflows of resources in fund statements | | 16 279 |
| Certain liabilities, are not due and payable in the current period and therefore are not reported in the funds: | | |
| Total Pension Liability | \$ (90 798) | |
| Net Pension Liability | (273 802) | |
| Deferred inflows of resources related to pensions are not reported in the funds | (54 634) | |
| Compensated Absences | (31 378) | (450 612) |
| Fund Balance - Governmental Funds (Exhibit 3) | | 2 574 582 |
| Net Position of Governmental Activities (Exhibit 1) | | \$5 819 477 |

The notes to the financial statements are an integral part of this statement.

TOWN OF BRYSON CITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

| | General Fund | Non-Major Governmental Fund | Total Governmental Funds |
|------------------------------------|-----------------|-----------------------------------|--------------------------------|
| <u>Revenues</u> | | | |
| Taxes: | | | |
| Property | \$ 565 616 | \$ | \$ 565 616 |
| Local Option Sales | 508 654 | | 508 654 |
| Intergovernmental | 594 592 | | 594 592 |
| Charges for Services | 184 150 | | 184 150 |
| Investment Earnings | 12 506 | 16 | 12 522 |
| Miscellaneous | 129 876 | | 129 876 |
| Total Revenues | 1 995 394 | 16 | 1 995 410 |
| <u>Expenditures</u> | | | |
| Current: | | | |
| General Government | 350 563 | | 350 563 |
| Public Safety | 757 729 | | 757 729 |
| Transportation | 209 737 | | 209 737 |
| Environmental Protection | 359 496 | | 359 496 |
| Cultural and Recreational | 88 599 | | 88 599 |
| Total Expenditures | 1 766 124 | | 1 766 124 |
| Revenues Over (Under) Expenditures | 229 270 | 16 | 229 286 |
| Other Financing Sources (Users): | | | |
| Transfers In (Out) | (169 000) | | (169 000) |
| Net Change in Fund Balances | 60 270 | 16 | 60 286 |
| Fund Balances: | | | |
| Beginning of Year | 2 497 882 | 16 414 | 2 514 296 |
| End of Year | \$ 2 558 152 | \$ 16 430 | \$ 2 574 582 |

The notes to the financial statements are an internal part of this statement.

TOWN OF BRYSON CITY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balances - total Governmental Funds (Exhibit 4) \$ 60 286

Amounts reported for *Governmental Activities* in the Statement of Activities (Exhibit 2) are different because:

| | |
|--|------------------|
| Governmental Funds report Capital Outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which Capital Outlays \$238 986 was more than depreciation \$182 681 in the current period. | 56 215 |
| Contributions to the Pension Plan in the current fiscal year are not included in the Statement of Activities | 91 605 |
| Benefit payments paid for LEOSSA are not included in the Statement of Activities | 1 491 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds | 6 571 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds | |
| Pension Expense | \$(149 379) |
| Compensated Absences | (2 432) |
| | (151 811) |
| Change in Net Position of Governmental Activities (Exhibit 2) | <u>\$ 64 357</u> |

The notes to the financial statements are an integral part of this statement.

TOWN OF BRYSON CITY
 GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

EXHIBIT 5

| General Fund | | | | |
|---|--------------------|-----------------|--------------|---|
| | Original Budget | Final Budget | Actual | Variances With Final Favorable (Unfavorable) |
| Revenues: | | | | |
| Ad Valorem Taxes | \$ 544 000 | \$ 544 000 | \$ 565 616 | \$ 21 616 |
| Local Option Sales Tax | 400 000 | 400 000 | 508 654 | 108 654 |
| Unrestricted Intergovernmental | 359 000 | 359 000 | 370 076 | 11 076 |
| Restricted Intergovernmental | 503 070 | 284 152 | 224 516 | (59 636) |
| Sales and Services | 165 400 | 165 400 | 184 150 | 18 750 |
| Investment Earnings | 11 000 | 11 000 | 12 506 | 1 506 |
| Miscellaneous | 97 500 | 117 500 | 129 876 | 12 376 |
| Total Revenues | 2 079 970 | 1 881 052 | 1 995 394 | 114 342 |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | 371 550 | 370 935 | 350 563 | 20 372 |
| Public Safety | 1 118 120 | 879 202 | 757 729 | 121 473 |
| Transportation | 176 800 | 221 130 | 209 737 | 11 393 |
| Environmental Protection | 375 550 | 371 835 | 359 496 | 12 339 |
| Cultural and Recreational | 93 000 | 93 000 | 88 599 | 4 401 |
| Total Expenditures | 2 135 020 | 1 936 102 | 1 766 124 | 169 978 |
| Revenues Over (Under) Expenditures | (55 050) | (55 050) | 229 270 | 284 320 |
| Other Financing Sources (Uses) | | | | |
| Transfers (to) from Other Funds | | (273 145) | (169 000) | 104 145 |
| Appropriated Fund Balance | 55 050 | 328 195 | | (328 195) |
| Total Other Financing Sources and (Uses) | 55 050 | 55 050 | (169 000) | (224 050) |
| Net Changes in Fund Balance | \$ | \$ | \$ 60 270 | \$ 60 270 |
| Fund Balance: | | | | |
| Beginning of Year, July 1 | | | 2 497 882 | |
| End of Year, June 30 | | | \$ 2 558 152 | |

The notes to the financial statements are an integral part of this statement.

TOWN OF BRYSON CITY
STATEMENT OF NET POSITION-PROPRIETARY FUND
JUNE 30, 2020

| <u>ASSETS</u> | <u>June 30,</u> <u>2020</u> |
|---|--------------------------------|
| Current Assets: | |
| Cash and Cash Equivalents | \$ 213 467 |
| Restricted Cash and Cash Equivalents | 375 307 |
| Accounts Receivable | 176 656 |
| Inventories | 63 953 |
| Total Current Assets | <u>829 383</u> |
| NonCurrent Assets: | |
| Fixes Assets - Net | <u>9 177 915</u> |
| Total Assets | <u>\$10 007 298</u> |
| <u>Deferred Outflows of Resources</u> | <u>102 098</u> |
| <u>LIABILITIES AND NET POSITION</u> | |
| Current Liabilities: | |
| Accounts Payable and Accrued Expenses | 14 137 |
| Customer Deposits | 90 089 |
| Accrued Compensated Absences | 33 613 |
| Long Term Debt - Current Portion | 212 434 |
| Total | <u>350 273</u> |
| NonCurrent Liabilities: | |
| Long Term Debt - Noncurrent Portion | 2 106 446 |
| Net Pension Liability | 182 535 |
| Total Noncurrent Liabilities | <u>2 288 981</u> |
| Total Liabilities | <u>2 639 254</u> |
| <u>Deferred Inflows of Resources</u> | <u>11 936</u> |
| Net Position: | |
| Net Investment in Capital Assets | 6 859 035 |
| Unrestricted | <u>599 171</u> |
| Total Net Position | <u>\$ 7 458 206</u> |

The notes to the financial statements are an integral part of this statement.

TOWN OF BRYSON CITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2020

| | <u>Enterprise Fund</u> <u>Water and Sewer</u> |
|--|--|
| <u>Operating Revenues</u> | |
| Charges for Services | \$1 447 532 |
| <u>Operating Expenses</u> | |
| Water and Sewer Operations | 1 319 284 |
| Depreciation | <u>489 734</u> |
| Total Operating Expenses | <u>1 809 018</u> |
| Operating Income (Loss) | <u>(361 486)</u> |
| Non-Operating Revenues (Expenses): | |
| Interest Earned on Investments | 4 961 |
| Interest Expense on Debt | (57 018) |
| Other | <u>45 783</u> |
| Total Nonoperating Revenues (Expenses) | <u>(6 274)</u> |
| Income (Loss) Before Transfers and Contributions | (367 760) |
| Capital Contributions | <u>598 036</u> |
| Transfers In (Out) | <u>169 000</u> |
| Change in Net Position | 399 276 |
| Net Position - Beginning of Year | <u>7 058 930</u> |
| Net Position - End of Year | <u>\$7 458 206</u> |

The notes to the financial statements are an integral part of this statement.

TOWN OF BRYSON CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2020

| | <u>Proprietary Fund</u> |
|--|-----------------------------|
| | <u>Water and Sewer</u> |
| Cash Flows From Operating Activities: | |
| Cash Received From Customers and Users | \$1 439 129 |
| Cash Paid For Goods and Services | (710 043) |
| Cash Payments To Employees for Services | (570 157) |
| Customer Deposits Received (Refund) | 7 873 |
| Net Cash Provided From Operating Activities | <u>166 802</u> |
| Cash Flows From Capital and Related Financing Activities: | |
| Financing Proceeds | 114 000 |
| Capital Contributions | 598 036 |
| Debt Principal Paid | (196 291) |
| Interest Paid | (57 018) |
| Acquisition of Capital Assets | (1 125 087) |
| Other Income | 45 783 |
| Net Cash Provided (Used) By Capital and Related Financing Activities | <u>(620 577)</u> |
| Cash Flows for Non Capital Activities: | |
| Interfund Activity - Transfers | <u>169 000</u> |
| Cash Flows From Investing Activities: | |
| Interest Income | <u>4 961</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (279 814) |
| Cash and Cash Equivalents - Beginning of Year | 868 588 |
| Cash and Cash Equivalents, End of Year | <u>\$ 588 774</u> |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities: | |
| Operating Income (Loss) | \$ (361 486) |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | |
| Depreciation | 489 734 |
| Changes in Assets and Liabilities: | |
| (Increase) Decrease in Accounts Receivable - Customers | 8 403 |
| (Increase)Decrease in Inventory | (8 504) |
| Increase (Decrease) in Compensated Absences | 6 788 |
| Increase (Decrease) in Accounts Payable | (13 399) |
| Increase (Decrease) in Customer Deposits | 7 873 |
| (Increase) Decrease in Deferred Outflows -Pensions | 14 502 |
| Increase (Decrease) in Deferred Inflows-Pensions | (1 361) |
| Increase (Decrease) in Net Pension Liability | 24 252 |
| Net Cash Provided by Operating Activities | <u>\$ 166 802</u> |

The notes to the financial statements are an integral part of this statement.

TOWN OF BRYSON CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Bryson City and its discretely presented component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Bryson City is a municipal corporation which is governed by an elected mayor and a four-member board. As required by generally accepted accounting principles, these financial statements present the Town and its component unit, a legally-separate entity for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the Town's financial statements in order to emphasize that it is legally separate from the Town.

Town of Bryson City ABC Board

The members of the ABC Board's governing board are appointed by the Town. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the Town. The ABC Board, which has a June 30 year end, is presented as if it were a proprietary fund. Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at the Town of Bryson City ABC Board, Bryson City, N. C. 28713

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category - *governmental and proprietary* are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

I. Summary of Significant Accounting Policies - Continued

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The Town reports the following major governmental fund:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for general government, street maintenance and sanitation services.

The Town reports the following non-major governmental fund:

Capital Project Fund. This fund is used to account for expenditures for general capital projects.

The Town reports the following major enterprise fund:

Water and Sewer Fund. The Water and Sewer Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Water and sewer capital projects are included in the Water and Sewer Capital Project Fund.

C. Measurement Focus, Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Town are maintained during the year using the modified accrual basis of accounting.

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered as shared revenue for the Town of Bryson City because the tax is levied by Swain County and then remitted to and distributed by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursements grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

I. Summary of Significant Accounting Policies - Continued

D. Budgetary Data

Budget - Budgets are adopted as required by the North Carolina General Statutes. An annual budget ordinance is adopted for the general and enterprise funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for all capital project funds.

All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the department level for all annually budgeted funds and at the object level for the capital projects fund. During the year several board approved amendments to the original budget were necessary.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity

1. Deposits:

Deposits - All deposits of the Town and ABC Board are made in board-designated official depositories and are collateralized as required by G.S. 159-31. Official depositories may be established with any bank or savings and loan association whose principal office is located in North Carolina. Also, the Town and ABC Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust. The Town's and the ABC Board's investments are reported at fair value. The NCCMT-Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT-Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2020, The Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents:

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The ABC Board considers all cash and investments with a maturity of three months or less to be cash and cash equivalents.

3. Restricted Assets:

Enterprise Capital Projects Fund cash is restricted for future expenditures on capital projects. Customer deposits held by the Town are also shown as restricted cash. Committed LEO cash is restricted for separation allowance benefits payable in the future.

I. Summary of Significant Accounting Policies - Continued

Town of Bryson City Restricted Cash

Governmental Activities

General Fund

Public Safety- LEO \$ 67 915

Business-type Activities

Water and Sewer Fund

Customer Deposits 90 089

Unexpended Capital Projects 285 218

Total Business-type Activities \$ 375 307

Total Restricted Cash \$ 443 222

4. Ad Valorem Taxes Receivable:

In accordance with [G.S. 105-347 and G.S 159-13(a)], ad valorem taxes are levied on July 1, the beginning of the fiscal year and are due on September 1; however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2019.

5. Allowances for Doubtful Accounts:

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

6. Inventory

The inventories of the Town and the ABC Board are valued at cost (first-in, first-out), which approximates market. The inventories of the Town's enterprise funds and those of the ABC Board consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

7. Capital Assets:

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5 000 and an estimated useful life in excess of one year. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Beginning July 1, 2003 general infrastructure costs are capitalized as incurred. The capitalization threshold for capitalizing infrastructure assets is \$25 000. Property, plant and equipment of the ABC Board are recorded at original cost at the time of acquisition.

I. Summary of Significant Accounting Policies - Continued

Capital assets are depreciated using the straight line method over the following estimated useful lives:

| <u>Assets Class</u> | <u>Estimated Useful Lives</u> |
|-------------------------|-------------------------------|
| Infrastructure | 40 |
| Buildings | 40 |
| Improvements | 40 |
| Furniture and Equipment | 5-7 |
| Computer equipment | 5 |

Other assets of the Town's Water and Sewer Fund are depreciated on a class life basis at the following rate:

| | <u>Years</u> |
|--|--------------|
| Well, Pump and Pumping Station | 30 |
| Water and Sewer Lines, Hydrants and Meters | 25-40 |
| Water Improvement Facility | 50 |
| Water and Sewer Treatment Plant | 30 |
| Settlement Tank | 50 |
| Equipment and Motor Vehicles | 5-10 |

Property, plant and equipment of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

| | <u>Years</u> |
|-------------------------|--------------|
| Building | 40 |
| Furniture and Equipment | 5-10 |

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, contributions made to the pension plan in the 2020 fiscal year. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has one item that meet the criterion for this category -deferrals of pension expense that result from the implementation of GASB Statement 68 and 73. The funds statements also reports an additional deferred inflow - property taxes receivable.

I. Summary of Significant Accounting Policies - Continued

9. Long-Term Obligations:

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of Net Position. Bond premiums and discounts as well as issuance cost, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt services expenditures.

10. Compensated Absences:

The vacation policies of the Town provide for an unlimited accumulation of earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The Town's sick leave policies provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

The ABC Board's vacation policy provides for employees to earn up to two weeks of vacation each year; however, any unused vacation may not be carried over and is canceled.

The ABC Board's sick leave policy provides for employees to accumulate twelve days per year of sick leave, which is not vested. Since the ABC Board has no obligation for sick leave until it is actually taken, no accrual has been made.

11. Net Position/Fund Balances:

Net Position

Net Position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through state statute.

I. Summary of Significant Accounting Policies - Continued

Fund Balance

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance - This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State statute - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute", *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the Face of the balance sheet.

Committed Fund Balance - portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. The Town has committed certain costs for the payment of future law enforcement separation allowance benefits.

Assigned Fund Balance - portion of fund balance that the Town intends to use for specific purposes.

Assigned for Capital Projects - portion of fund balance that has been budgeted by the Board for future capital projects.

I. Summary of Significant Accounting Policies - Continued

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget, if any, that is not already classified in restricted or committed.

Unassigned Fund Balance - the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

For purposes of fund balance classifications, funds are to be spent from restricted fund balance first followed by committed fund balance, assigned fund balance and last unassigned fund balance. The Town of Bryson City has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 24% of budgeted expenditures.

12. Uses of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

13. Defined Benefit Cost Sharing Plans
For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Bryson City's employer contributions are recognized when due and the Town of Bryson City has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

II. Detail Notes on All Funds

A. Assets:

1. Deposits: - All the deposits of the Town and the ABC Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's or the ABC Board's agents in the units' name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town and the ABC Board, these deposits are considered to be held by the Town's and the ABC Board's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town or the ABC Board under the Pooling Method, the potential exists for

undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town and the ABC Board have no policy regarding custodial credit risk for deposits.

At June 30, 2020 the Town's deposits had a carrying amount of \$2 140 352 and a bank balance of \$2 155 202. The carrying amount of deposits for the ABC Board was \$213 248 and the bank balance was \$501 376. The bank balances of the Town and the ABC Board were fully covered by federal depository insurance or other sufficient collateral held under the pooling method.

2. Investments - At June 30, 2020, the Town of Bryson City had \$1 028 889 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poors. The Town has no policy regarding credit risk.
3. Receivables - Allowances for Doubtful Accounts - The receivables shown in the balance sheet and Statement of Net Position are presented net of the following allowances for doubtful accounts:

| <u>Fund</u> | <u>June 30,</u> <u>2020</u> |
|--------------------------------|--------------------------------|
| General Fund - Revolving Loans | \$ 16 800 |
| General Fund - Property Taxes | 41 128 |
| Utility Fund - Utilities | 5 000 |
| Total | <u>\$ 62 928</u> |

Receivables - Net of Allowances for Doubtful Accounts:

Receivables at June 30, 2020, were as follows at the government-wide level:

| | <u>Accounts</u> | <u>Customers</u> | <u>Taxes</u> | <u>Local Option</u> | <u>Revolving Loans</u> | <u>Total</u> |
|--------------------------------------|------------------|-------------------|------------------|-------------------------|----------------------------|-------------------|
| Governmental Activities: | | | | | | |
| General | \$ 17 402 | \$ 21 745 | \$ 57 407 | \$ 68 100 | \$ 16 800 | \$ 181 454 |
| Less Allowance for doubtful accounts | | | 41 128 | | 16 800 | 57 928 |
| Total-governmental activities | <u>\$ 17 402</u> | <u>\$ 21 745</u> | <u>\$ 16 279</u> | <u>\$ 68 100</u> | <u>\$</u> | <u>\$ 123 526</u> |
| Business-type Activities: | | | | | | |
| Water and Sewer | \$ 31 359 | \$ 150 297 | \$ | \$ | \$ | \$ 181 656 |
| Less Allowance for doubtful accounts | | 5 000 | | | | 5 000 |
| Total business-type activities | <u>\$ 31 359</u> | <u>\$ 145 297</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$ 176 656</u> |

4. Capital Assets

Capital asset activity for the year ended June 30, 2020, was as follow:

| Primary Government: | <u>Beginning Balances</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balances</u> |
|--|-------------------------------|------------------|------------------|----------------------------|
| Governmental Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 596 405 | \$ | \$ | \$ 596 405 |
| Total | <u>596 405</u> | <u></u> | <u></u> | <u>596 405</u> |
| Capital assets being depreciated: | | | | |
| Infrastructure | 1 209 405 | | | 1 209 405 |
| Buildings | 3 174 017 | | | 3 174 017 |
| Equipment | 1 749 574 | 238 896 | 386 569 | 1 601 901 |
| Total capital assets being depreciated | <u>6 132 996</u> | <u>238 896</u> | <u>386 569</u> | <u>5 985 323</u> |
| Less accumulated depreciation for: | | | | |
| Infrastructure | 316 690 | 24 188 | | 340 878 |
| Building | 1 451 556 | 77 727 | | 1 529 283 |
| Equipment | 1 496 727 | 80 766 | 386 569 | 1 190 924 |
| Total accumulated depreciation | <u>3 264 973</u> | <u>182 681</u> | <u>386 569</u> | <u>3 061 085</u> |
| Total capital assets being depreciated, net | <u>2 868 023</u> | <u>56 215</u> | <u></u> | <u>2 924 238</u> |
| Governmental activity capital assets, net | <u>\$3 464 428</u> | <u>\$ 56 215</u> | <u>\$</u> | <u>\$3 520 643</u> |

Depreciation expense was charged to function/programs as follows:

| | |
|--|-------------------|
| Governmental activities: | |
| General government | \$ 80 168 |
| Public safety | 48 737 |
| Transportation | 38 573 |
| Environmental Protection | <u>15 203</u> |
| Total depreciation expense - governmental activities | <u>\$ 182 681</u> |

II. Detail Notes on All Funds - Continued

| | Beginning Balances | Increases | Decreases | Reclassification | Ending Balances |
|---|-----------------------|-------------------|---------------|------------------|---------------------|
| Business-type activities: | | | | | |
| Water & Sewer Fund | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 294 397 | \$ | \$ | \$ | \$ 294 397 |
| Construction in Progress | 67 822 | | | (67 822) | |
| Total Capital Assets Not Being Depreciated | <u>362 219</u> | | | <u>(67 822)</u> | <u>294 397</u> |
| Capital assets being depreciated: | | | | | |
| Distribution Systems | 14 218 328 | 699 086 | | 67 822 | 14 985 236 |
| Equipment | <u>1 176 132</u> | <u>426 000</u> | <u>30 301</u> | | <u>1 571 831</u> |
| Total capital assets being depreciated | <u>15 394 460</u> | <u>1 125 086</u> | <u>30 301</u> | <u>67 822</u> | <u>16 557 067</u> |
| Less accumulated depreciation for: | | | | | |
| Distribution Systems | 6 388 964 | 404 165 | | | 6 793 129 |
| Equipment | <u>825 152</u> | <u>85 569</u> | <u>30 301</u> | | <u>880 420</u> |
| Total accumulated depreciation | <u>7 214 116</u> | <u>489 734</u> | <u>30 301</u> | | <u>7 673 549</u> |
|) Total capital assets being depreciated, net | <u>8 180 344</u> | <u>635 352</u> | | <u>67 822</u> | <u>8 883 518</u> |
| Water & Sewer fund capital assets, net | <u>\$ 8 542 563</u> | <u>\$ 635 352</u> | <u>\$</u> | <u>\$</u> | <u>\$ 9 177 915</u> |

Discretely presented component unit:
Capital asset activity for the ABC Board
for the year ended June 30, 2020 was as follows:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|--|-----------------------|--------------------|---------------|--------------------|
| Business - type activity: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 47 665 | \$ | \$ | \$ 47 665 |
| Capital assets being depreciated | | | | |
| Building | 415 065 | | | 415 065 |
| Equipment | <u>86 748</u> | <u>6 855</u> | <u>2 686</u> | <u>90 917</u> |
| Total Capital Assets being depreciated | <u>501 813</u> | <u>6 855</u> | <u>2 686</u> | <u>505 982</u> |
| Less accumulated depreciation for: | | | | |
| Building | 196 151 | 13 450 | | 209 601 |
| Equipment | <u>69 732</u> | <u>4 938</u> | <u>2 417</u> | <u>72 253</u> |
| Total accumulated depreciation | <u>265 883</u> | <u>18 388</u> | <u>2 417</u> | <u>281 854</u> |
| Total capital assets being depreciated - net | <u>235 930</u> | <u>(11 533)</u> | <u>269</u> | <u>224 128</u> |
| Business Type Capital Assets - net | <u>\$ 283 595</u> | <u>\$ (11 533)</u> | <u>\$ 269</u> | <u>\$ 271 793</u> |

II. Detail Notes on All Funds - Continued

B. Liabilities

1. Pension Plan Obligations

a. Local Government Employee's Retirement System

Plan Description - The Town of Bryson City is a participating employer in the statewide Local Governmental Employee's Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Government Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided - LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor' Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age,

or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor' Alternate Benefit for life or a return of the member's contributions.

Contributions - Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Bryson City employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Bryson City's contractually required contribution rate for the year ended June 30, 2020, was 9.04% of compensation for general employees, and 9.70% for law enforcement officers, actuarially as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Bryson City were \$91 605 for the year ended June 30, 2020.

Refunds of Contributions - Town employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By State law, refunds to members with at least five years of service include 4% interest. State law requires 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

b. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions -

At June 30, 2020, The Town reported a liability of \$456 337 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, the Town's proportion was 0.0167%, which was an decrease of 0.00003% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$185 088. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 78 136 | \$ |
| Changes of assumptions | 74 375 | |
| Net difference between projected and actual earnings on pension plan investments | 11 130 | |
| Changes in proportion and differences between Town contributions and proportionate share of contributions | | 29 840 |
| Town contributions subsequent to the Measurement date | 91 605 | |
| Total | <u>\$ 255 246</u> | <u>\$ 29 840</u> |

\$91 605 reported as deferred outflows of resources related to Pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease in the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|---------------------|-------------------|
| Year ended June 30: | |
| 2021 | \$ 70 574 |
| 2022 | 15 751 |
| 2023 | 37 022 |
| 2024 | 10 456 |
| Total | <u>\$ 133 803</u> |

Actuarial Assumptions - The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 3.0 percent |
| Salary increases | 3.50 to 8.10 percent, including inflation and productivity factor |
| Investment rate of return | 7.00 percent, net of pension plan investment expense, including inflation |

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------|--------------------------|---|
| Fixed Income | 29.0% | 1.4% |
| Global Equity | 42.0% | 5.3% |
| Real Estate | 8.0% | 4.3% |
| Alternatives | 8.0% | 8.9% |
| Credit | 7.0% | 6.0% |
| Inflation Protection | 6.0% | 4.0% |
| Total | 100.0% | |

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

| | 1% Decrease <u>(6.00%)</u> | Discount Rate <u>(7.00%)</u> | 1% Increase <u>(8.00%)</u> |
|---|----------------------------------|------------------------------------|----------------------------------|
| Town's proportionate share of the net pension liability (asset) | \$1 043 726 | \$ 456 337 | \$ (31 902) |

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

b. Law Enforcement Officers Special Separation Allowance

- (1) Plan Description - Town of Bryson City administers a public employee retirement system the *Separation Allowance*, a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time Town law enforcement officers are covered by the Separation Allowance. At December 31, 2018, the Separation Allowance's membership consisted of:

| | |
|--|-----------------|
| Retirees receiving benefits | - 1 - |
| Terminated plan members entitled to but not yet receiving benefits | - 0 - |
| Active plan members | <u>8</u> |
| Total | <u><u>9</u></u> |

II. Detail Notes on All Funds - Continued

(2) Summary of Significant Accounting Policies

Basis of Accounting - The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statement 73.

- (3) Actuarial Assumptions - The entry age actuarial cost method was used in the December 31, 2018 valuation. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|------------------|---|
| Inflation | 2.5 percent |
| Salary Increases | 3.50 to 7.35 percent, including inflation and productivity factor |
| Discount rate | 3.26 percent |

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2018.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

- (4) Contributions - The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$1 491 in benefits for the reporting period.

II. Detail Notes on All Funds - Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the Town reported a total pension liability of \$90 798. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the Town recognized pension expense of \$1 684.

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ | \$ 33 176 |
| Changes of assumptions | 5 437 | 3 554 |
| Total | <u>\$ 5 437</u> | <u>\$ 36 730</u> |

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|---------------------|------------|
| Year ended June 30: | |
| 2021 | \$ (7 572) |
| 2022 | (7 572) |
| 2023 | (7 447) |
| 2024 | (6 778) |
| 2025 | (1 924) |

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

| | 1% Decrease (2.26%) | Discount Rate (3.26%) | 1% Increase (4.26%) |
|-------------------------|---------------------------|-----------------------------|---------------------------|
| Total Pension Liability | \$ 97 303 | \$ 90 798 | \$ 84 742 |

II. Detail Notes on All Funds - Continued

**Schedule of Changes in Total Pension Liability
Law Enforcement Officers' special Separation Allowance**

| | 2020 |
|---|-------------|
| Beginning balance | \$ 91 516 |
| Service Cost | 5 952 |
| Interest on the total pension liability | 3 304 |
| Changes of benefit terms | |
| Differences between expected and actual experience in the measurement of the total pension liability | (10 837) |
| Changes of assumptions or other inputs | 2 354 |
| Benefit payments | (1 491) |
| Other Changes | |
| | \$ 90 798 |
| Ending balance of the total pension liability | \$ 90 798 |

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources Related to Pensions

Following is information related to the proportionate share and pension expense for all pension plans:

| | LGERS | LEOSSA | TOTAL |
|---|--------------|---------------|--------------|
| Pension Expense | \$ 185 088 | \$ 1 684 | \$186 772 |
| Pension Liability | 456 337 | 90 798 | 547 135 |
| Proportionate share of the net pension liability | .0167 | N/A | |
| Deferred Outflows of Resources | | | |
| Differences between expected and actual experience | 78 136 | | 78 136 |
| Changes of Assumptions | 74 375 | 5 437 | 79 812 |
| Net difference between projected and actual earnings on plan investments | 11 130 | | 11 130 |
| Changes in proportion and differences between contributions and proportionate share of contributions | | | |
| Benefit payments and administrative costs paid subsequent to the measurement date | 91 605 | | 91 605 |
| Total Deferred Outflows of Resources | \$255 246 | \$ 5 437 | \$260 683 |

| | | | |
|---|----|-----------------|------------------|
| Deferred Inflows of Resources | | | |
| Differences between expected and actual experience | \$ | \$33 176 | \$ 33 176 |
| Changes of Assumptions | | 3 554 | 3 554 |
| Net differences between projected and actual earnings on plan investments | | | |
| Changes in proportionate and differences between contributions and proportionate share of contributions | | <u>29 840</u> | <u>29 840</u> |
| | | | |
| Total Deferred Inflows of Resources | | <u>\$29 840</u> | <u>\$ 66 570</u> |

Supplemental Retirement Income Plan for Law Enforcement Officers -

Plan Description - The Town contributes to the Supplemental Retirement Income Plan, (Plan) a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy - Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The Town made contributions of \$14 596 for the reporting year. No amounts were forfeited.

c. ABC Board - Local Government Employees' Retirement System

- (1) Plan Description - Town of Bryson City ABC Board contributes to the statewide Local Government Employees' Retirement System (LGERS), a cost sharing, multiple-employer, defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Government Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699.

- (2) Funding Policy - Plan members are required to contribute six percent of their annual covered salary. The ABC Board is required to contribute at an actuarially determined rate. The ABC Board's current rate for employees is 9.03% of annual covered payroll. The contribution requirements of members and the ABC Board are established and may be amended by the North Carolina General Assembly. The Board's contribution for the years ending June 30, 2020, and 2019 were \$12 299 and \$10 837 respectively.

2. Payables - Payables and accrued liabilities at June 30, 2020 were as follows at the government-wide level:

| | <u>Vendors</u> | <u>Other</u> | <u>Total</u> |
|--------------------------|----------------|--------------|--------------|
| Governmental Activities | \$ 7 615 | \$105 517 | \$113 132 |
| Business-type Activities | \$ 981 | \$ 13 156 | \$ 14 137 |

3. Deferred Outflows/Inflows of Resources

The Town has several deferred outflows of resources. Deferred outflows of resources is comprised of the following:

| | |
|--|------------------|
| Contribution to LGERS made subsequent to measurement dates | \$ 91 605 |
| Differences between expected and actual experience | 78 136 |
| Changes of assumptions | 79 812 |
| Net difference between projected and actual | 11 130 |
| Total | <u>\$260 683</u> |

Deferred Inflows of Resources at year-end is comprised as follows:

| | <u>Funds Statement</u> | <u>Government Wide</u> |
|---|------------------------|------------------------|
| Changes in assumptions | \$ | \$ 3 554 |
| Taxes receivable, less penalties (General Fund) | 16 279 | |
| Differences between expected and actual experience | | 33 176 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | | 29 840 |
| Total | <u>\$ 16 279</u> | <u>\$ 66 570</u> |

4. Risk Management - The Town is exposed to various risks of losses related to torts; theft of; damage to; and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pools

II. Details on All Funds - Continued:

administered by the North Carolina League of Municipalities. The Town does not carry any type of flood insurance at this time.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer and tax collector are each individually bonded for \$125 000 and \$10 000 respectively.

Through these pools, the Town has property coverage up to \$10 682 435, worker's compensation coverage of up to statutory limits, and employee health coverage up to \$2 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims of \$500 000 for property and \$300 000 up to statutory limit, for worker's compensation. The pools are reinsured for annual employee health claims in excess of \$150 000. The property liability pool has an aggregated limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values. The town carries commercial coverage for all other risks of loss. Claims have not exceeded coverage in any of the past three years.

The ABC Board is exposed to various risks of lost related to torts; theft of, damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The ABC Board has property, general liability, worker's compensation and employee health coverage. The ABC Board also has liquor legal liability. Claims have not exceeded coverage in any of the last three years.

5. Long-Term Obligations:

a. Capital Leases:

Capital lease for the purchase of vehicles and equipment are treated as purchases at the inception of the contract and are carried in the General Fund. Capital leases for the acquisition of water and sewer assets are carried in the Enterprise Fund. The Town had the following capital leases at June 30, 2020:

| <u>Description</u> | <u>Cost</u> | <u>Date</u> | <u>Term</u> | <u>Rate</u> | <u>Payment Amount</u> |
|--------------------|-------------|-------------|-------------|-------------|-----------------------|
| Enterprise Fund: | | | | | |
| Camera System | \$ 98 000 | 10-18-17 | 5 Yrs. | 2.22% | \$17 439 Ann. |
| Vac Con Truck | \$131 250 | 11-18 17 | 6 Yrs. | 2.22% | \$23 292 Ann. |
| Roll Back Truck | \$114 000 | 11-15-19 | 3 Yrs. | 2.61% | \$ 3 367 Mon. |

The following is an analysis of the assets recorded under capital leases at June 30, 2020:

| <u>Classes of Property</u> | <u>Cost</u> | <u>Accumulated Depreciation</u> | <u>Net Book Value</u> |
|----------------------------|------------------|---------------------------------|-----------------------|
| Equipment | \$ 98 000 | \$ 24 500 | \$ 73 500 |
| Vehicles | 245 000 | 44 213 | 200 787 |
| Total | <u>\$343 000</u> | <u>\$ 68 713</u> | <u>\$274 287</u> |

II. Detail Notes on All Funds - Continued:

b. Bonded Indebtness

Direct placement general obligation bonds issued to finance the construction of facilities utilized in the operations of the water and sewer systems and which are being retired by its resources are reported as long-term debt in the Water and Sewer Fund. All bonds are collateralized by the faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due.

c. ARRA Loan

The Town has been awarded an American Recovery and Reinvestment Act of 2019 direct placement loan. The loan is for 20 years at zero interest with annual payments of \$4 163, balance \$41 631.

d. Clean Water Loan

The Town received a \$633 855 direct placement Clean Water Revolving Loan. The loan is for 20 years at 2.46% interest. Annual principle payments are \$31 693. The balance at June 30, 2020 was \$412 006.

e. Drinking Water Loan

The Town has received a \$1 043 996 direct placement Drinking Water Revolving Loan. The loan is for 20 years at zero interest. Annual payments are \$58 000, balance \$811 997.

f. Bonds payable at June 30, 2020 are comprised of the following issues:

Serviced by the Water and Sewer Fund:

\$1 499 000 direct placement water and sewer bonds issued on August 7, 1995 due in annual installments ranging from \$16 000 to \$64 000 through June 1, 2035; interest at 4.5 percent. \$ 846 000

In the event of default on bonded debt, the Town agrees to pay USDA, on demand, interest on any amounts due under the related agreement.

The Town's legal debt margin at June 30 2020, was \$10 900 183.

The following table summarizes the annual requirement to amortize all long-term obligations.

| Year: | Direct Placement Water and Sewer Bonds | | Direct Placement Water and Sewer ARRA Loan | | Direct Placement Water and Sewer Clean Water Loan | | Direct Placement Water and Sewer Drinking Water Loan | | Water and Sewer Capital Leases | | Total | |
|-------------|---|------------|--|----------|--|-----------|---|----------|-----------------------------------|----------|--------------|------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2021 | \$ 43 000 | \$ 38 070 | \$ 4 163 | \$ | \$ 31 693 | \$ 10 115 | \$ 58 000 | \$ | \$ 75 578 | \$ 5 538 | \$ 212 434 | \$ 53 723 |
| 2022 | 45 000 | 36 135 | 4 163 | | 31 693 | 9 337 | 58 000 | | 77 961 | 3 355 | 216 817 | 48 827 |
| 2023 | 47 000 | 34 110 | 4 163 | | 31 693 | 8 559 | 58 000 | | 53 707 | 471 | 194 563 | 43 140 |
| 2024 | 49 000 | 31 995 | 4 163 | | 31 693 | 7 781 | 58 000 | | | | 142 856 | 39 776 |
| 2025 | 51 000 | 29 790 | 4 163 | | 31 693 | 7 003 | 58 000 | | | | 144 856 | 36 793 |
| 2026 - 2030 | 291 000 | 112 410 | 20 816 | | 158 465 | 23 342 | 290 000 | | | | 760 281 | 135 752 |
| 2031 - 2035 | 320 000 | 43 200 | | | 95 076 | 4 668 | 231 997 | | | | 647 073 | 47 868 |
| Total | \$ 846 000 | \$ 325 710 | \$ 41 631 | \$ | \$ 412 006 | \$ 70 805 | \$ 811 997 | \$ | \$ 207 246 | \$ 9 364 | \$ 2 318 880 | \$ 405 879 |

f. Changes in Long-Term Obligations - The following is a summary of changes in long-term obligations for the year ended June 30,2020:

| | Balance July 1, 2019 | Additions | Retirements | Balance June 30, 2020 | Current Portion |
|---|-------------------------|-------------------|-------------------|--------------------------|--------------------|
| <u>Governmental Activity:</u> | | | | | |
| Net Pension Liability (LGERS) | \$ 237 424 | \$ 36 378 | \$ | \$ 273 802 | |
| Total Pension Liability (LEO) | 91 516 | | 718 | 90 798 | |
| Compensated Absences | <u>28 946</u> | <u>2 432</u> | | <u>31 378</u> | <u>31 378</u> |
| Totals | <u>\$ 357 886</u> | <u>\$ 38 810</u> | <u>\$ 718</u> | <u>\$ 395 978</u> | <u>\$ 31 378</u> |
| <u>Business Type Activity:</u> | | | | | |
| Net Pension Liability (LGERS) | \$ 158 283 | \$ 24 252 | \$ | \$ 182 535 | \$ |
| Capital Leases | 154 682 | 114 000 | 61 436 | 207 246 | 75 578 |
| Direct Placement General Obligation Bond | 887 000 | | 41 000 | 846 000 | 43 000 |
| Direct Placement ARRA Loan | 45 794 | | 4 163 | 41 631 | 4 163 |
| Direct Placement Clean Water Revolving Loan | 443 699 | | 31 693 | 412 006 | 31 693 |
| Direct Placement Drinking Water Revolving Loan | 869 996 | | 57 999 | 811 997 | 58 000 |
| Compensated Absences | <u>26 825</u> | <u>6 788</u> | | <u>33 613</u> | <u>33 613</u> |
| Totals | <u>\$ 2 586 279</u> | <u>\$ 145 040</u> | <u>\$ 196 291</u> | <u>\$ 2 535 028</u> | <u>\$ 246 047</u> |

6. Individual Balances and Activity

Transfers to and from funds are as follows:

| | Transfers To | Transfers From |
|--------------|-------------------|-------------------|
| General Fund | \$ | \$ 169 000 |
| Enterprise | <u>169 000</u> | |
| Total | <u>\$ 169 000</u> | <u>\$ 169 000</u> |

Transfer of funds was primarily to the enterprise fund to assist with capital outlay expenditures not funded with enterprise debt.

7. Fund Balance

The following schedule provides management and citizens with information on the portion of General Fund Balance that is available for appropriation:

| | |
|-----------------------------------|---------------------|
| Total fund balance - General Fund | \$ 2 558 152 |
| Less: | |
| Stabilization by State Statute | (107 247) |
| Committed - Leo Retirement | (67 915) |
| Fund Balance Policy | <u>(423 870)</u> |
| Remaining Fund Balance | <u>\$ 1 959 120</u> |

The Town of Bryson City has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 24% of budgeted expenditures.

III. Stewardship, Compliance and Accountability:

Excess Expenditures

For the year ended June 30, 2020 expenditures exceeded appropriations as follows:

Enterprise Fund:

 Debt Service-Interest Expense \$ 17 018

This over expenditure was immaterial and approved subsequent to year end. It is the Town's intention to amend their budget on a more timely basis in the future.

IV. Subsequent Events:

Subsequent events have been evaluated through October 5, 2020, which is the date the financial statements were available to be issued.

V. Summary Disclosure of Significant Contingencies:

Federal and State Assisted Programs - The Town has received proceeds over the year from several Federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

Town of Bryson City, North Carolina
Town of Bryson City's Proportionate Share of
Net Pension Liability (Asset)
Required Supplementary Information
Last Seven Fiscal Years *

Local Government Employees' Retirement System

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|-------------|-------------|-------------|-------------|-------------|--------------|-------------|
| Bryson City's proportion of the net pension liability (asset) (%) | .01671% | .01668% | .01837% | .01804% | .01759% | .01734% | .01610% |
| Bryson City's proportion of the net pension liability (asset) (\$) | \$ 456 337 | \$ 395 707 | \$ 280 643 | \$ 382 869 | \$ 78 943 | \$ (102 262) | \$ 194 067 |
| Bryson City's covered-employee payroll | \$ 978 814 | \$ 931 926 | \$ 946 465 | \$ 925 743 | \$ 716 540 | \$ 612 801 | \$ 518 200 |
| Bryson City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 46.62% | 42.46% | 29.65% | 41.36% | 11.02% | (16.69%) | 37.45% |
| Plan fiduciary net position as a percentage of the total pension liability ** | 91.63% | 94.18% | 91.47% | 98.09% | 99.07% | 102.64% | 94.35% |

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

** This will be the same percentage for all participant employers in the LGERS plan.

Town of Bryson City, North Carolina
Town of Bryson City's Contributions
Required Supplementary Information
Last Seven Fiscal Years

Local Government Employees' Retirement System

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Contractually required contribution | \$ 91 605 | \$ 71 131 | \$ 72 624 | \$ 71 633 | \$ 63 733 | \$ 50 946 | \$ 43 754 |
| Contributions in relation to the contractually required contribution | <u>91 605</u> | <u>71 131</u> | <u>72 624</u> | <u>71 633</u> | <u>63 733</u> | <u>50 946</u> | <u>43 754</u> |
| Contribution deficiency (excess) | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> |
| Bryson City's covered-employee payroll | \$ 992 859 | \$ 978 814 | \$ 931 926 | \$ 946 465 | \$ 925 743 | \$ 716 540 | \$ 612 801 |
| Contributions as a percentage of covered-employee payroll | 9.23% | 7.27% | 7.79% | 7.57% | 6.88% | 7.11% | 7.14% |

Town of Bryson City
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Last Four Fiscal Years

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|------------------|------------------|------------------|-------------------|
| Beginning balance | \$ 91 516 | \$ 93 472 | \$ 109 769 | \$ 103 044 |
| Service Cost | 5 952 | 6 932 | 6 323 | 5 476 |
| Interest on the total pension liability | 3 304 | 2 954 | 4 237 | 3 679 |
| Changes of benefit terms | | | | |
| Differences between expected and actual experience in the measurement of the total pension liability | (10 837) | (8 078) | (33 031) | |
| Changes of assumptions or other inputs | 2 354 | (3 764) | 6 174 | (2 430) |
| Benefit payments | (1 491) | | | |
| Other Changes | | | | |
| Ending balance of the total pension liability | <u>\$ 90 798</u> | <u>\$ 91 516</u> | <u>\$ 93 472</u> | <u>\$ 109 769</u> |

The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.

Town of Bryson City
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
Last Four Fiscal Years

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|-------------|-------------|-------------|-------------|
| Total Pension Liability | \$ 90 798 | \$ 91 516 | \$ 93 472 | \$ 109 769 |
| Covered Payroll | 335 657 | 314 874 | 320 670 | 300 698 |
| Total pension liability as a percentage of covered payroll | 27.1% | 29.1% | 29.2% | 36.5% |

Notes to the schedules:

The Town of Bryson City has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

TOWN OF BRYSON CITY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2019

| | 2020 | | Variance Favorable (Unfavorable) | 2019 Actual |
|--|----------------|----------------|--|----------------|
| | Budget | Actual | | |
| Revenues: | | | | |
| Ad Valorem Taxes: | | | | |
| Current Year | \$ 530 000 | \$ 553 907 | \$ 23 907 | \$ 563 482 |
| Prior Years | 11 000 | 7 753 | (3 247) | 8 500 |
| Penalties and Interest | 3 000 | 3 956 | 956 | 4 358 |
| Total | <u>544 000</u> | <u>565 616</u> | <u>21 616</u> | <u>576 340</u> |
| Other Taxes and Licenses: | | | | |
| Local Option Sales Tax | 400 000 | 397 866 | (2 134) | 373 376 |
| Hold Harmless | | 110 788 | 110 788 | 113 841 |
| Total | <u>400 000</u> | <u>508 654</u> | <u>108 654</u> | <u>487 217</u> |
| Unrestricted | | | | |
| Intergovernmental: | | | | |
| Payments in Lieu of Taxes | 7 000 | 8 572 | 1 572 | 7 860 |
| Utilities Sales Tax | 150 000 | 147 704 | (2 296) | 153 048 |
| Beer and Wine Taxes | 7 000 | 6 400 | (600) | 6 572 |
| ABC Distribution | 195 000 | 207 400 | 12 400 | 194 600 |
| Total | <u>359 000</u> | <u>370 076</u> | <u>11 076</u> | <u>362 080</u> |
| Restricted Intergovernmental: | | | | |
| Federal and State Grants | 197 452 | 138 988 | (58 464) | 51 730 |
| Facility Fees | 100 | 83 | (17) | 122 |
| Powell Bill Allocation | 46 000 | 44 306 | (1 694) | 47 605 |
| Swain County Reimbursement | 40 000 | 40 000 | | 50 610 |
| Solid Waste Disposal Tax | 600 | 1 139 | 539 | 1 065 |
| Total | <u>284 152</u> | <u>224 516</u> | <u>(59 636)</u> | <u>151 132</u> |
| Sales and Service: | | | | |
| Permits | 400 | 1 020 | 620 | 575 |
| Garbage Fee | 165 000 | 176 268 | 11 268 | 173 919 |
| Interest & Principal Received-Building Facade | | 6 862 | 6 862 | 4 112 |
| Total | <u>165 400</u> | <u>184 150</u> | <u>18 750</u> | <u>178 606</u> |
| Interest Earned | 11 000 | 12 506 | 1 506 | 17 823 |

TOWN OF BRYSON CITY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

| | <u>2020</u> | | Variance | |
|--------------------------|------------------|------------------|----------------|------------------|
| | <u>Budget</u> | <u>Actual</u> | Favorable | <u>2019</u> |
| | | | (Unfavorable) | Actual |
| Revenues: | | | | |
| Miscellaneous: | | | | |
| Building Lease | \$ 77 000 | \$ 78 065 | \$ 1 065 | \$ 77 590 |
| Contributions | 10 000 | 11 046 | 1 046 | 16 295 |
| Insurance Reimbursement | 20 000 | 21 125 | 1 125 | |
| Sale of Fixed Assets | | 11 484 | 11 484 | |
| Other | <u>10 500</u> | <u>8 156</u> | <u>(2 344)</u> | <u>51 984</u> |
| Total | <u>117 500</u> | <u>129 876</u> | <u>12 376</u> | <u>145 869</u> |
| Total Revenues | <u>1 881 052</u> | <u>1 995 394</u> | <u>114 342</u> | <u>1 919 067</u> |
| Expenditures: | | | | |
| General Government: | | | | |
| Governing Body: | | | | |
| Salaries | | 15 620 | | 14 153 |
| Insurance | | 2 186 | | 2 220 |
| FICA | | 1 181 | | 1 064 |
| Travel and Miscellaneous | | <u>1 833</u> | | <u>3 836</u> |
| Total | <u>20 850</u> | <u>20 820</u> | <u>30</u> | <u>21 273</u> |
| Administration: | | | | |
| Salaries | | 114 109 | | 147 840 |
| Professional Services | | 23 280 | | 22 514 |
| FICA | | 8 393 | | 10 976 |
| Group Insurance | | 25 215 | | 27 974 |
| Retirement | | 10 447 | | 11 744 |
| Telephone and Postage | | 12 875 | | 9 543 |
| Travel and Seminars | | 489 | | 2 646 |
| Equipment Rental | | 5 574 | | 6 208 |
| Advertising | | 280 | | 1 215 |
| Departmental Supplies | | 3 116 | | 2 753 |
| Dues and Subscriptions | | 6 688 | | 5 467 |
| Insurance and Bonds | | 28 295 | | 25 472 |
| Miscellaneous | | 448 | | 552 |
| Capital Outlay | | <u>3 300</u> | | <u>4 500</u> |
| Total | <u>253 470</u> | <u>242 509</u> | <u>10 961</u> | <u>279 404</u> |
| Legal and Finance: | | | | |
| Professional Services | | <u>8 500</u> | | <u>15 422</u> |
| Total | <u>12 600</u> | <u>8 500</u> | <u>4 100</u> | <u>15 422</u> |
| Elections: | | | | |
| Professional Services | | <u>7 114</u> | | |
| Total | <u>7 115</u> | <u>7 114</u> | <u>1</u> | |

TOWN OF BRYSON CITY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2019

| | 2020 | | Variance | 2019 |
|---------------------------|---------|------------|----------------------------|------------|
| | Budget | Actual | Favorable (Unfavorable) | Actual |
| Expenditures: | | | | |
| Public Buildings: | | | | |
| Salaries | \$ | \$ 27 311 | \$ | \$ 15 104 |
| FICA | | 1 933 | | 1 123 |
| Group Insurance | | 9 036 | | 6 003 |
| Retirement | | 2 488 | | 1 168 |
| Utilities | | 14 493 | | 14 982 |
| Repairs and Maintenance | | 9 650 | | 1 581 |
| Telephone and Postage | | 2 039 | | 2 904 |
| Supplies and Other | | 4 670 | | 6 502 |
| Total | 76 900 | 71 620 | 5 280 | 49 367 |
| Total General Government | 370 935 | 350 563 | 20 372 | 365 466 |
| Public Safety: | | | | |
| Police Department: | | | | |
| Salaries | \$ | \$ 309 879 | \$ | \$ 310 590 |
| Professional Services | | 3 465 | | 4 816 |
| FICA | | 23 580 | | 22 783 |
| Group Insurance | | 59 171 | | 65 557 |
| Retirement | | 48 529 | | 37 982 |
| Telephone and Postage | | 13 379 | | 10 681 |
| Repairs and Maintenance - | | | | |
| Radios and Equipment | | 1 003 | | 227 |
| Autos | | 6 748 | | 10 032 |
| Automotive Supplies | | 14 040 | | 19 663 |
| Departmental Supplies | | 11 011 | | 9 119 |
| Uniforms | | 9 666 | | 8 883 |
| General Insurance | | 8 771 | | 9 505 |
| Other | | 2 033 | | 5 672 |
| Capital Outlay | | 55 977 | | 2 360 |
| Total | 625 500 | 567 252 | 58 248 | 517 870 |

TOWN OF BRYSON CITY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2019

| | <u>2020</u> | | Variance | |
|---------------------------|----------------|----------------|----------------|----------------|
| | <u>Budget</u> | <u>Actual</u> | Favorable | 2019 |
| | | | (Unfavorable) | <u>Actual</u> |
| Expenditures: | | | | |
| Fire and Rescue: | | | | |
| Salaries | \$ | \$ 17 579 | \$ | \$ 4 290 |
| FICA | | 1 233 | | 328 |
| Group Insurance | | 1 755 | | |
| Retirement | | 1 504 | | |
| Repairs and Maintenance - | | | | |
| Radio and Vehicles | | 16 776 | | 14 225 |
| Travel and Seminars | | 563 | | 500 |
| Automotive Supplies | | 1 605 | | 2 775 |
| Departmental Supplies | | 144 759 | | 56 221 |
| General Insurance | | 544 | | |
| Other | | 724 | | 2 430 |
| Professional Services | | 3 435 | | 13 542 |
| Capital Outlay | | | | 26 080 |
| Total | <u>253 702</u> | <u>190 477</u> | <u>63 225</u> | <u>120 391</u> |
| Total Public Safety | <u>879 202</u> | <u>757 729</u> | <u>121 473</u> | <u>638 261</u> |
| Transportation: | | | | |
| Street Department: | | | | |
| Salaries | | 13 540 | | 13 225 |
| Professional Services | | 20 075 | | |
| FICA | | 953 | | 932 |
| Group Insurance | | 4 588 | | 4 426 |
| Retirement | | 1 234 | | 1 043 |
| Street Lighting | | 41 754 | | 25 745 |
| Repairs and Maintenance | | 1 357 | | 3 054 |
| Automotive Supplies | | 2 331 | | 3 604 |
| Departmental Supplies | | 5 368 | | 8 862 |
| Telephone and Postage | | 488 | | 503 |
| Paving | | 78 019 | | 81 764 |
| Contract Services | | 15 600 | | 4 848 |
| General Insurance | | 680 | | 677 |
| Other | | | | |
| Capital Outlay | | 23 750 | | 1 295 |
| Total Transportation | <u>221 130</u> | <u>209 737</u> | <u>11 393</u> | <u>149 978</u> |

TOWN OF BRYSON CITY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2019

| | 2020 | | Variance | 2019 |
|--------------------------------|-----------|-----------|----------------------------|-----------|
| | Budget | Actual | Favorable (Unfavorable) | Actual |
| Environmental Protection: | | | | |
| Sanitation: | | | | |
| Salaries | | 96 853 | | 105 586 |
| FICA | | 7 173 | | 7 728 |
| Group Insurance | | 32 010 | | 33 539 |
| Retirement | | 8 767 | | 8 348 |
| Repairs and Maintenance | | 4 051 | | 3 636 |
| Automotive Supplies | | 6 681 | | 7 572 |
| Departmental Supplies | | 789 | | 1 093 |
| General Insurance | | 4 812 | | 5 418 |
| Telephone and Postage | | 730 | | 686 |
| Uniforms and Miscellaneous | | 564 | | 989 |
| Fees Paid to State | | 1 906 | | 1 710 |
| Capital Outlay | | 141 677 | | |
| Total | 318 000 | 306 013 | 11 987 | 176 305 |
| Public Lands: | | | | |
| Salaries | | 23 395 | | 15 963 |
| FICA | | 1 746 | | 1 190 |
| Group Insurance | | 9 036 | | 6 003 |
| Retirement | | 2 128 | | 1 245 |
| General Insurance | | 1 162 | | 808 |
| Departmental Supplies | | 801 | | 1 020 |
| Repairs and Maintenance | | 297 | | 689 |
| Other | | 726 | | 373 |
| Capital Outlay | | 14 192 | | 15 533 |
| Total | 53 835 | 53 483 | 352 | 42 824 |
| Total Environmental Protection | 371 835 | 359 496 | 12 339 | 219 129 |
| Cultural and Recreational: | | | | |
| Various Agency Appropriations | 93 000 | 88 599 | 4 401 | 114 324 |
| Total Expenditures | 1 936 102 | 1 766 124 | 169 978 | 1 487 158 |

TOWN OF BRYSON CITY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2019

| | 2020 | | Variance | 2019 |
|---|-----------|-------------|----------------------------|------------|
| | Budget | Actual | Favorable (Unfavorable) | Actual |
| Revenues Over (Under) | | | | |
| Expenditures | (55 050) | 229 270 | 284 320 | 431 909 |
| Other Financing Sources (Uses): | | | | |
| Transfers (to) from | | | | |
| Other Funds | (273 145) | (169 000) | 104 145 | (181 243) |
| Appropriated Fund Balance | 328 195 | _____ | (328 195) | _____ |
| Total Other Financing Sources (Uses) | 55 050 | (169 000) | (224 050) | (181 243) |
| Revenues and Other Financing Sources Over (Under) | | | | |
| Expenditures and Other Financing Uses | \$ _____ | \$ 60 270 | \$ 60 270 | \$ 250 666 |
| Fund Balance, | | | | |
| Beginning of Year | | 2 497 882 | | |
| End of Year | | \$2 558 152 | | |

TOWN OF BRYSON CITY
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2019

| | 2020 | | Variance | 2019 |
|---|----------|-----------|----------------------------|-------------|
| | Budget | Actual | Favorable (Unfavorable) | Actual |
| Revenues: | | | | |
| Nonoperating Revenues: | | | | |
| Interest Earned | \$ _____ | \$ 16 | \$ 16 | \$ 1 |
| Expenditures: | | | | |
| Future Capital Outlay | 1 000 | _____ | 1 000 | _____ |
| Revenue Over (Under) | | | | |
| Expenditures | (1 000) | 16 | 1 016 | 1 |
| Other Financing Sources (Uses) | | | | |
| Appropriated Fund Balance | 1 000 | _____ | _____ | (1 000) |
| Transfer From (To) Other Funds | _____ | _____ | _____ | (72 893) |
| Total Other Financing Sources (Uses) | 1 000 | _____ | (1 000) | (72 893) |
| Revenues and Other Sources Over (Under) Expenditures and Other Uses | \$ _____ | \$ 16 | \$ 16 | \$ (72 892) |
| Fund Balance - Beginning of Year | | 16 414 | | 89 306 |
| Fund Balance - End of Year | | \$ 16 430 | | \$ 16 414 |

TOWN OF BRYSON CITY
WATER AND SEWER FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2019

| | 2020 | | Variance Favorable (Unfavorable) | 2019 Actual |
|-------------------------------|------------------|------------------|--|------------------|
| | Budget | Actual | | |
| Operating Revenues: | | | | |
| Water and Sewer Charges | \$1 426 070 | \$1 388 472 | \$ (37 598) | \$1 386 402 |
| Taps and Connection Fees | 55 660 | 59 060 | 3 400 | 34 950 |
| Total | <u>1 481 730</u> | <u>1 447 532</u> | <u>(34 198)</u> | <u>1 421 352</u> |
| Nonoperating Revenues: | | | | |
| Interest Income | 5 000 | 4 682 | (318) | 6 055 |
| Sales Tax Refund | 42 788 | 4 590 | (38 198) | 30 300 |
| Grants | 210 000 | 115 560 | (94 440) | |
| Miscellaneous | 36 000 | 41 193 | 5 193 | 56 028 |
| Total | <u>293 788</u> | <u>166 025</u> | <u>(127 763)</u> | <u>92 383</u> |
| Other Financing Sources: | | | | |
| Financing Proceeds | 114 000 | 114 000 | | |
| Transfers from Other | | | | |
| Funds | 273 145 | 169 000 | (104 145) | 6 175 |
| Total | <u>387 145</u> | <u>283 000</u> | <u>(104 145)</u> | <u>6 175</u> |
| Total Revenues | <u>2 162 663</u> | <u>1 896 557</u> | <u>(266 106)</u> | <u>1 519 910</u> |
| Expenditures: | | | | |
| Water and Sewer Distribution: | | | | |
| Salaries | | 275 870 | | 229 888 |
| Professional Services | | 138 120 | | 43 877 |
| Retirement | | 25 208 | | 18 077 |
| FICA | | 20 312 | | 16 821 |
| Group Insurance | | 69 736 | | 62 000 |
| Distribution and Collection | | 110 665 | | 71 851 |
| Contract Work | | 3 600 | | 5 800 |
| Other Insurance | | 16 975 | | 15 632 |
| Repairs and Maintenance | | 14 403 | | 41 081 |
| Departmental Supplies | | 34 914 | | 32 839 |
| Telephone and Postage | | 17 137 | | 16 842 |
| Utilities | | 34 085 | | 31 967 |
| Dues and Subscriptions | | 4 415 | | 3 235 |
| Other | | 4 321 | | 2 113 |
| Total | <u>813 983</u> | <u>769 761</u> | <u>44 222</u> | <u>592 023</u> |
| Water Treatment Plant: | | | | |
| Salaries | | 134 094 | | 166 342 |
| Professional Services | | 86 159 | | 45 159 |
| Telephone and Postage | | 4 210 | | 6 931 |
| Utilities | | 85 394 | | 90 517 |
| Retirement | | 12 181 | | 12 877 |
| FICA | | 9 882 | | 12 404 |
| Group Insurance | | 33 125 | | 38 687 |
| Other Insurance | | 15 011 | | 15 015 |
| Repairs and Maintenance | | 33 568 | | 48 009 |
| Contract Work | | 16 530 | | 22 051 |
| Departmental Supplies | | 76 735 | | 67 963 |
| Other | | 6 957 | | 7 905 |
| Total | <u>537 980</u> | <u>513 846</u> | <u>24 134</u> | <u>533 860</u> |

TOWN OF BRYSON CITY
WATER AND SEWER FUND
 STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - (NON-GAAP)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2019

| | 2020 | | Variance | 2019 |
|-----------------------------|-----------|--------------|----------------------------|------------|
| | Budget | Actual | Favorable (Unfavorable) | Actual |
| Non-Operating Expenditures: | | | | |
| Budgetary Expenditures: | | | | |
| Interest Expense | \$ 40 000 | \$ 57 018 | \$ (17 018) | \$ 57 583 |
| Principal Paid | 210 870 | 196 291 | 14 579 | 169 323 |
| Capital Outlay | 559 830 | 555 279 | 4 551 | 19 254 |
| Total | 810 700 | 808 588 | 2 112 | 246 160 |
| Total Expenditures | 2 162 663 | 2 092 195 | 70 468 | 1 372 043 |
| Revenues and Other Sources | | | | |
| Over (Under) Expenditures | \$ _____ | \$ (195 638) | \$ (195 638) | \$ 147 867 |

Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual:

| | |
|---------------------------|--------------|
| Revenue and Other Sources | |
| Over (Under) Expenditures | \$ (195 638) |

Reconciling Items:

| | |
|------------------------------------|-----------|
| Add: | |
| Increase in Inventory | \$ 8 504 |
| Interest Earned - Capital Projects | 279 |
| Principal Paid | 196 291 |
| Capital Outlay | 555 279 |
| Decrease in Deferred Inflows | 1 361 |
| Grants Received | 482 476 |
| | 1 244 190 |

| | |
|-----------------------------------|------------|
| Less: | |
| Depreciation | \$ 489 734 |
| Financing Proceeds | 114 000 |
| Increase in Net Pension Liability | 24 252 |
| Decrease in Deferred Outflows | 14 502 |
| Increase in Vacation Pay | 6 788 |
| | (649 276) |

| | |
|------------------------------------|------------|
| Change in Net Position (Exhibit 7) | \$ 399 276 |
|------------------------------------|------------|

TOWN OF BRYSON CITY
WATER AND SEWER CAPITAL PROJECTS FUND - WATER AND SEWER LINES REPLACEMENT
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE FISCAL YEAR JUNE 30, 2020

| | | <u>Actual</u> | | | |
|--|--|------------------------------|-------------------------------|--------------------------------|---|
| | <u>Project</u> <u>Authorization</u> | <u>Prior</u> <u>Years</u> | <u>Current</u> <u>Year</u> | <u>Total</u> <u>to Date</u> | <u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u> |
| Revenues: | | | | | |
| ARC Grant | \$ 500 000 | \$ | \$ 482 476 | \$ 482 476 | \$ (17 524) |
| Investment Earnings | <u> </u> | <u>37</u> | <u>279</u> | <u>316</u> | <u>316</u> |
| Total Revenues | <u>500 000</u> | <u>37</u> | <u>482 755</u> | <u>482 792</u> | <u>(17 208)</u> |
| Expenditures: | | | | | |
| Administration | | | | | |
| Engineering | 115 000 | 67 822 | 46 728 | 114 550 | 450 |
| Construction | <u>525 000</u> | <u> </u> | <u>523 080</u> | <u>523 080</u> | <u>1 920</u> |
| Total Expenditures | <u>640 000</u> | <u>67 822</u> | <u>569 808</u> | <u>637 630</u> | <u>2 370</u> |
| Revenues Over (Under) Expenditures | <u>(140 000)</u> | <u>(67 785)</u> | <u>(87 053)</u> | <u>(154 838)</u> | <u>(14 838)</u> |
| Other Financing Sources (Uses): | | | | | |
| Transfer From (To) Other Funds | <u>140 000</u> | <u>435 465</u> | <u> </u> | <u>435 465</u> | <u>295 465</u> |
| Revenue and Other Financing Sources Over (Under) Expenditures and Other Uses | <u>\$</u> | <u>\$ 367 680</u> | <u>\$ (87 053)</u> | <u>\$ 280 627</u> | <u>\$ 280 627</u> |

TOWN OF BRYSON CITY
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2020

| <u>Fiscal Year</u> | Uncollected Balance <u>July 1, 2019</u> | <u>Additions</u> | Collections and <u>Credits</u> | Uncollected Balance <u>June 30, 2020</u> |
|--|---|-----------------------|--------------------------------------|--|
| 2019-2020 | \$ | \$ 589 677 | \$ 553 907 | \$ 35 770 |
| 2018-2019 | 17 350 | | 4 379 | 12 971 |
| 2017-2018 | 6 230 | | 3 339 | 2 891 |
| 2016-2017 | 1 500 | | 35 | 1 465 |
| 2015-2016 | 340 | | | 340 |
| 2014-2015 | 285 | | | 285 |
| 2013-2019 | 1 226 | | | 1 226 |
| 2012-2013 | 1 293 | | | 1 293 |
| 2011-2012 | 1 090 | | | 1 090 |
| 2010-2011 | 683 | | 607 | 76 |
| 2009-2010 | <u>594</u> | | <u>594</u> | |
| Total | <u>\$ 30 591</u> | <u>\$ 589 677</u> | <u>\$ 562 861</u> | <u>\$ 57 407</u> |
| Less Allowance for Uncollectible Accounts | | | | <u>41 128</u> |
| Ad Valorem Taxes Receivable - Net | | | | <u>\$ 16 279</u> |
| Reconciliation with Revenues: | | | | |
| Ad Valorem Taxes - General Fund | | | \$ 565 616 | |
| Less Interest and Penalties | | | <u>3 956</u> | \$ 561 660 |
| Reconciling Items: | | | | |
| Amount Written Off - Per Statute of Limitations | | | | <u>1 201</u> |
| Total Collections and Credits | | | | <u>\$ 562 861</u> |

TOWN OF BRYSON CITY
ANALYSIS OF CURRENT TAX LEVY
JUNE 30, 2020

| | <u>Total Property Valuation</u> | <u>Rate</u> | <u>Amount of Levy</u> | <u>Excluding Vehicles</u> | <u>Motor Vehicles</u> |
|--------------------------------|---|-------------|-------------------------------|-------------------------------|---------------------------|
| Tax Levy: | | | | | |
| Valuation Subject to Full Rate | \$ 148 690 286 | .35 | \$ 520 416 | \$ 520 416 | |
| Vehicle Taxes | 7 562 000 | .35 | 37 810 | | \$ 37 810 |
| Discoveries | 8 988 857 | .35 | 31 461 | 31 461 | |
| Releases | <u>(2 857)</u> | .35 | <u>(10)</u> | <u>(10)</u> | |
| Net Levy | <u>\$ 165 238 286</u> | | 589 677 | 551 867 | 37 810 |
| Uncollected at June 30, 2020 | | | <u>35 770</u> | <u>35 770</u> | |
| Current Year's Taxes Collected | | | <u>\$ 553 907</u> | <u>\$ 516 097</u> | <u>\$ 37 810</u> |
| Percent Current Year Collected | | | <u>93.93%</u> | <u>93.52%</u> | <u>100.00%</u> |

TOWN OF BRYSON CITY
STATEMENT OF NET POSITION
WATER AND SEWER FUND BY FUNCTION
JUNE 30, 2020

| | Water | Sewer | Total |
|--|--------------|--------------|--------------|
| <u>Assets</u> | | | |
| Current Assets: | | | |
| Cash and Cash Equivalents | \$ 1 060 243 | \$ (846 776) | \$ 213 467 |
| Restricted Cash and Cash Equivalents | 206 419 | 168 888 | 375 307 |
| Accounts Receivable (net) | 97 161 | 79 495 | 176 656 |
| Inventories | 35 174 | 28 779 | 63 953 |
| Total Current Assets | 1 398 997 | (569 614) | 829 383 |
| Non Current Assets: | | | |
| Capital Assets: | | | |
| Land and Construction in Progress | 89 219 | 205 178 | 294 397 |
| Other Capital Assets, Net of Depreciation | 2 428 583 | 6 454 935 | 8 883 518 |
| Total Non Current Assets | 2 517 802 | 6 660 113 | 9 177 915 |
| Total Assets | 3 916 799 | 6 090 499 | 10 007 298 |
| <u>Deferred Outflows of Resources</u> | 56 153 | 45 945 | 102 098 |
| <u>Liabilities:</u> | | | |
| Current Liabilities: | | | |
| Accounts Payable and Accrued Liabilities | 7 775 | 6 362 | 14 137 |
| Compensated Absences-Current | 18 487 | 15 126 | 33 613 |
| Long Term Debt - Current | 38 856 | 173 578 | 212 434 |
| Liabilities payable from restricted Assets: | | | |
| Customer Deposits | 45 045 | 45 044 | 90 089 |
| Total Current Liabilities | 110 163 | 240 110 | 350 273 |
| Non Current Liabilities: | | | |
| Net Pension Liability | 100 394 | 82 141 | 182 535 |
| Long Term Debt - Noncurrent portion | 414 781 | 1 691 665 | 2 106 446 |
| Total Non Current Liabilities | 515 175 | 1 773 806 | 2 288 981 |
| Total Liabilities | 625 338 | 2 013 916 | 2 639 254 |
| <u>Deferred Inflows of Resources</u> | 6 565 | 5 371 | 11 936 |
| <u>Net Position</u> | | | |
| Net Investment in Capital Assets Unrestricted | 2 064 165 | 4 794 870 | 6 859 035 |
| | 1 276 884 | (677 713) | 599 171 |
| Total Net Position | \$ 3 341 049 | \$ 4 117 157 | \$ 7 458 206 |

TOWN OF BRYSON CITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
WATER AND SEWER FUND BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2020

| | <u>Water</u> | <u>Sewer</u> | <u>Total</u> |
|---|---------------------|---------------------|---------------------|
| Operating Revenues | | | |
| Charge for Services | \$ 763 638 | \$ 624 834 | \$ 1 388 472 |
| Water and Sewer Taps | 32 483 | 26 577 | 59 |
| | <u>060</u> | | |
| Total Operating Revenues | <u>796 121</u> | <u>651 411</u> | <u>1 447</u> |
| <u>532</u> | | | |
| Operating Expenses | | | |
| Water Treatment and Distribution | 435 364 | 356 206 | 791 570 |
| Waste Collection and Treatment | 187 805 | 339 909 | 527 714 |
| Depreciation | 318 327 | 171 407 | 489 |
| | <u>018</u> | | |
| Total Operating Expenses | <u>941 496</u> | <u>867 522</u> | <u>1 809</u> |
| Operating Income (Loss) | <u>(145 375)</u> | <u>(216 111)</u> | <u>(361</u> |
| <u>486)</u> | | | |
| Nonoperating Revenues (Expenses) | | | |
| Investment Earnings | 2 481 | 2 480 | 4 961 |
| Interest and Other Charges | (10 893) | (46 125) | (57 018) |
| Other | 25 181 | 20 602 | 45 |
| | <u>783</u> | | |
| Total Nonoperating Revenues (Expenses) | <u>16 769</u> | <u>(23 043)</u> | <u>(6 274)</u> |
| Capital Contributions | <u>293 240</u> | <u>304 796</u> | <u>598 036</u> |
| Income (Loss) Before Transfers | 164 634 | 65 642 | 230 276 |
| Transfers In | <u>84 500</u> | <u>84 500</u> | <u>169 000</u> |
| Change in Net Position | 249 134 | 150 142 | 399 276 |
| Total Net Position - Beginning of Year | <u>3 091 915</u> | <u>3 967 015</u> | <u>7 058 930</u> |
| Total Net Position - End of Year | <u>\$ 3 341 049</u> | <u>\$ 4 117 157</u> | <u>\$ 7 458 206</u> |

TOWN OF BRYSON CITY
SCHEDULE OF CASH FLOWS
WATER AND SEWER FUND BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2020

| | <u>Water</u> | <u>Sewer</u> | <u>Total</u> |
|--|-----------------------------------|---------------------|------------------|
| Cash Flows From Operating Activities: | | | |
| Cash Received From Customers | \$ 791 521 | \$ 647 608 | \$ 1 439 129 |
| Cash Paid for Goods and Services | (333 720) | (376 323) | (710 043) |
| Cash Paid To or On Behalf of | | | |
| Employees for Services | (267 974) | (302 183) | (570 157) |
| Customer Deposits Received | 4 330 | 3 543 | 7 |
| | <u>873</u> | | |
| Net Cash Provided (Used) by Operating Activities | <u>194 157</u> | <u>(27 355)</u> | <u>166 802</u> |
| Cash Flows From Capital and Related Financing Activities: | | | |
| Acquisition and Construction of Capital Assets | (618 798) | (506 289) | (1 125 087) |
| Principal Paid on Debt | (38 856) | (157 435) | (196 291) |
| Interest Paid on Debt | (10 893) | (46 125) | (57 018) |
| Other Income | 25 181 | 20 602 | 45 783 |
| Capital Contributions | 293 240 | 304 796 | 598 036 |
| Financing Proceeds | <u>57 000</u> | <u>57 000</u> | <u>114 000</u> |
| Net Cash Provided (Used) By Capital and Related Financing Activities | <u>(293 126)</u> | <u>(327 451)</u> | <u>(620 577)</u> |
| Cash Flow from Non Capital Activities Interfund Activity | <u>84 500</u> | <u>84 500</u> | <u>169 000</u> |
| Cash Flows From Investing Activities: | | | |
| Interest Earned | <u>2 481</u> | <u>2 480</u> | <u>4 961</u> |
| Net Increase (Decrease) in Cash and Cash Equivalentents | (11 988) | (267 826) | (279 814) |
| Balances - Beginning | <u>1 278 650</u> | <u>(410 062)</u> | <u>868 588</u> |
| Balances - Ending | <u>\$ 1 266 662</u> <u>774</u> | <u>\$ (677 888)</u> | <u>\$ 588</u> |

TOWN OF BRYSON CITY
SCHEDULE OF CASH FLOWS
WATER AND SEWER FUND BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2020

| | <u>Water</u> | <u>Sewer</u> | <u>Total</u> |
|---|-------------------|--------------------|-------------------|
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities | | | |
| Operating Income (Loss) | \$ (145 375) | \$ (216 111) | \$ (361 486) |
| Adjustments to reconcile Operating Income to Net Cash Provided by Operating Activities: | | | |
| Depreciation | 318 327 | 171 407 | 489 734 |
| Changes in Assets and Liabilities: | | | |
| (Increase) Decrease in Accounts Receivable | 4 622 | 3 781 | 8 403 |
| (Increase) Decrease in Inventory | (4 677) | (3 827) | (8 504) |
| Increase (Decrease) in Accounts Payable and Accrued Liabilities | (7 369) | (6 030) | (13 399) |
| Increase in Customer Deposits | 4 330 | 3 543 | 7 873 |
| Increase in Accrued Vacation Pay | 3 733 | 3 055 | 6 788 |
| (Increase) Decrease in Deferred Outflows - Pensions | 7 976 | 6 526 | 14 502 |
| Increase (Decrease) in Deferred Inflows-Pensions | (749) | (612) | (1 361) |
| Increase (Decrease) in Net Pension Liability | <u>13 339</u> | <u>10 913</u> | <u>24 252</u> |
| Total Adjustments | <u>339 532</u> | <u>188 756</u> | <u>528 288</u> |
| Net Cash Provided by Operating Activities | <u>\$ 194 157</u> | <u>\$ (27 355)</u> | <u>\$ 166 802</u> |

S. Eric Bowman, P.A.

CERTIFIED PUBLIC ACCOUNTANT

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Report On Internal Control Over Financial Reporting
And on Compliance and Other Matters Based on an Audit of
Financial Statements Performed In Accordance With
Government Auditing Standards

Independent Auditor's Report

To the Honorable Mayor and
Members of the Board Aldermen
Bryson City, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Bryson City, North Carolina, as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprises the Town of Bryson City's basic financial statements, and have issued our report thereon dated October 5, 2020. Our report includes a reference to other auditors who audited the financial statements of the Town of Bryson City ABC Board, as described in our report on the Town of Bryson City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Town of Bryson City ABC Board were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Bryson City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Bryson City's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Bryson City's internal control.

To the Honorable Mayor and
Members of the Board of Aldermen
Bryson City, North Carolina

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as 2020-001 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Bryson City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Town of Bryson City's Response to Findings

Town of Bryson City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

To the Honorable Mayor and
Members of the Board of Aldermen
Bryson City, North Carolina

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "S. Eric Bowman".

S. Eric Bowman, P.A.
Certified Public Accountant

Morganton, North Carolina
October 5, 2020

TOWN OF BRYSON CITY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2020

Findings Related to the Audit of the Basic
Financial Statements of Town of Bryson City:

| | | |
|----------------------|----------|--|
| Finding: | 2020-001 | <u>Internal Controls Over Financial Reporting</u> |
| Criteria: | | All Local Governments are to adopt a balanced budget and make necessary amendments to the original budget as conditions dictate. |
| Condition: | | The Town overexpended one department in the Enterprise Fund totaling \$17 018. |
| Effect: | | Funds were expended out of the Enterprise fund before the appropriate budget amendments were made. |
| Cause: | | Oversight. |
| Recommendation: | | The Town should not expend any funds unless there is adequate amounts in the particular department budget. |
| Management Response: | | The Town agrees with this finding |
| Uncorrected Finding: | | This finding was not totally corrected primarily because of an oversight concerning amendments on a new debt issuance. |

Town of Bryson City

Summary Schedule of Prior Year Audit Findings

For the Year Ended June 30, 2019

Finding 2019-001

There was one audit finding relative to overexpenditures. This finding was not totally corrected even though budget amendments were made.